

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: AQUILA, INC., d/b/a AQUILA NETWORKS	DOCKET NOS. WRU-03-20-225 SPU-03-7
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**ORDER DENYING REQUEST FOR EXPEDITED WAIVER AND
IMPLEMENTING PROCEDURAL SCHEDULE**

(Issued May 21, 2003)

On April 30, 2003, Aquila, Inc., d/b/a Aquila Networks (Aquila), filed a request for expedited waiver of the provisions of 199 IAC Chapter 32 to permit Aquila to proceed with a pledge of Iowa utility assets to secure a revised credit agreement. Aquila requested the Board grant the waiver on an expedited basis on or before May 30, 2003. Board rule 199 IAC 32.8 allows a public utility to file a request for waiver of the filing requirements of chapter 32. Aquila requested, in the alternative, that the Board approve a proposal for reorganization that includes the proposed pledge of assets.

On May 2, 2003, the Board issued an order docketing the request for expedited waiver and in the alternative docketing the application for approval of proposal for reorganization. In the order the Board established an intervention date and a date for responses to the request for expedited treatment. The Board also established a tentative procedural schedule to be followed if the request for expedited waiver is denied.

On May 15, 2003, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed in opposition to the request for expedited waiver.

Consumer Advocate states that Aquila faces difficult financial circumstances due to the failure of business initiatives unrelated to Iowa regulated utility operations.

Consumer Advocate opposes the waiver and contends that early action on the waiver is not warranted since there is no deadline that requires an immediate response from the Board. In addition, Consumer Advocate contends that Aquila has not provided sufficient justification to satisfy the undue hardship requirement of 199 IAC 1.3 and has not shown that the waiver will not affect the substantial legal rights of customers as required by 199 IAC 1.3. Finally, Consumer Advocate asserts that each reorganization is unique and should be reviewed independently by the Board.

The Board finds that Aquila has not satisfied the requirements of 199 IAC 1.3 for granting a waiver. Based on the existing record, the Board is not satisfied that there will be no undue hardship to Iowa customers or that Iowa customers legal rights will not be affected if the waiver is granted. The issues presented by the proposed financial transactions are sufficiently complex and unique to Aquila that they should be the subject of review under Iowa Code § 476.77. The Board will implement the procedural schedule set out in the May 2, 2003, order.

IT IS THEREFORE ORDERED:

1. The request for expedited waiver filed by Aquila, Inc., d/b/a Aquila Networks, on April 30, 2003, is denied.
2. The following procedural schedule is established:
 - a. The Consumer Advocate Division of the Department of Justice and any intervenors shall file prepared direct testimony, with the underlying workpapers and exhibits, on or before June 2, 2003. If a party references a

data request in its prepared testimony, the data request shall be filed as an exhibit.

b. Aquila, Inc., d/b/a Aquila Networks, shall file rebuttal testimony, with underlying workpapers and exhibits, on or before June 13, 2003.

c. A hearing shall be held beginning at 10 a.m. on June 30, 2003, for the purpose of receiving testimony and the cross-examination of all testimony. The hearing shall be held in the Iowa Utilities Board Hearing Room, 350 Maple Street, Des Moines, Iowa. The parties shall appear one-half hour prior to the time of the hearing for the purpose of marking exhibits. Persons with disabilities requiring assistive services or devices to observe or participate should contact the Utilities Board at (515) 281-5256 in advance of the scheduled date to request that appropriate arrangements be made.

d. The parties may file simultaneous initial briefs on or before July 7, 2003.

3. In the absence of objection, all underlying workpapers shall become a part of the evidentiary record of these proceedings at the time the related testimony and exhibits are entered into the record.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 21st day of May, 2003.